Saskatchewan
Health Research
FOUNDATION

Annual Report

2002-03

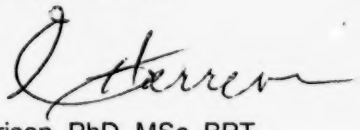
(Period: February 1, 2003 to March 31, 2003)

The Honourable John T. Nilson, Q.C.
Minister of Health
Legislative Assembly
Regina SK S4S 0B3

Dear Mr. Nilson:

I am pleased to submit, for your consideration, the first annual report of the Saskatchewan Health Research Foundation, covering the period February 1, 2003 to March 31, 2003.

Respectfully submitted,



E.L. Harrison, PhD, MSc, BPT
Chair

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From the Board Chair

This is the first annual report of the Saskatchewan Health Research Foundation (SHRF), which came into being on January 31, 2003. Although we have only been in existence for two months the foundation is off to a good start.

I was very pleased to be asked to serve as the Foundation's first Board Chair. As the Chair of our predecessor, the Health Services Utilization and Research Commission (HSURC), from 1998 to 2003, I was very committed to the health research development work started there and look forward to continuing and expanding it under the SHRF.

The legislation that created the Foundation also repealed *The Health Services Utilization and Research Commission Act*. This ended HSURC, which split into two new agencies. The Foundation grew out of HSURC's health research funding role and carries on the mandate to stimulate and fund health research in Saskatchewan. In fact, the Foundation carries forward the role of health research support that was initiated by the Saskatchewan Health Research Board (1979-1992), the forerunner to HSURC.

In early 2001, Ken Fyke, in *Caring for Medicare*, recommended that Saskatchewan increase spending on health research to the equivalent of at least 1% of the health budget – about $25-million in today's environment – as part of a strategy to renew health science education programs and improve the health-care system. It was one of five "supporting changes" that Mr. Fyke considered necessary to enable all his other recommended changes. Later in 2001, the *Action Plan for Saskatchewan Health Care* promised an immediate $2-million addition to the existing $5-million annual research investment – with further increases to follow as resources permit. This increased annual revenue started to flow to the SHRF in 2003.

The Foundation is responsible for organizing, managing and allocating most of the province's health research funding and has a broader responsibility than both its predecessors. The mandate includes a stronger emphasis on sharing research knowledge with the public and health professionals, assisting the Minister of Health in developing and implementing a provincial health research strategy, and seeking new sources of revenue to advance health research.

The other component of HSURC – its inhouse health services research role – was rolled into the new Health Quality Council (HQC). The HQC was established on December 31, 2002 with a mandate to report on and recommend innovative ways to improve quality within the province's health system. The first such agency in Canada, it inherited the bulk of HSURC's staff and half the financial resources, so it quickly became operational. Their new website, www.hqc.sk.ca, carries more information about their mandate and early directions.

A very enthusiastic and experienced Board met for the first time near the end of February to orient members and address pressing operational issues such as budget approval, staffing, and establishing a planning process. The Board also confirmed its commitment to carrying on HSURC's existing funding commitments and the competitive programs announced in December 2002. Other early priorities included governance and vision, longer-term staffing, financial and program planning, criteria for partnerships, and defining a process for advising the Minister about a provincial health research strategy. Board working groups were established to explore each of these key areas.

We are fortunate to have three talented staff members who transferred from HSURC to SHRF. Their experience and knowledge will ensure that we can move quickly to establish and implement our plans and priorities.

The Board is truly committed to and excited about steering this new organization to play a strong role in stimulating, supporting, and advancing health research in Saskatchewan. I am confident that next year at this time we will be able to report substantial progress on all aspects of our mandate and that our work will have begun to have an impact on health research and the health system in the province.

E.L. Harrison, PhD, MSc, BPT
Chair, SHRF

About the Foundation

Mandate

The Saskatchewan Health Research Foundation is a provincial government agency that reports to the Minister of Health and is responsible for organizing, managing, and allocating most provincial health research funding in Saskatchewan. Our terms of reference direct us to ensure that research is funded on the basis of scientific merit and health system impact and that funding decisions are consistent with an overarching health research strategy reflecting provincial health research priorities.

We have a broad mandate to:

- stimulate health research in Saskatchewan;
- ensure a balance between clinical, biomedical, population health, and health services research;
- receive and distribute government funding;
- generate and distribute funding from non-government sources;
- support a strong research community in Saskatchewan; and
- disseminate information about our work and the results of research we support.

Legislation

Our legislation, *The Saskatchewan Health Research Foundation Act (2002, c.S-21.1),* came into force on January 31, 2003 and directs us to do the following:

- seek and receive funding from governmental and non-governmental sources for the advancement of research;
- encourage and facilitate research into matters associated with the health sciences, the health-related social sciences and other health-related fields of study;
- assist the minister to develop a provincial strategy for research into matters associated with the health sciences, the health-related social sciences and other health-related fields of study;
- provide funding to persons and agencies who are conducting or proposing to conduct research projects that are consistent with the provincial strategy; and
- disseminate information to members of health-related professions and to the public respecting the objects of the foundation, the research that the foundation supports, the results of that research and conclusions drawn from that research.

From the CEO

The Foundation had a very busy first two months. In addition to establishing the new organization, we carried on all of HSURC's research funding programs and partnerships.

Getting Going

Operationally, immediate issues included completing financial transactions related to the transfer from HSURC to SHRF, establishing some new financial processes, ensuring staff support for key activities, equipping the office, supporting the board in planning and holding its first meeting, and beginning work on a project to gather advice for the Minister of Health about a provincial health research strategy.

We started our work with the benefit of an experienced team. Transferring from HSURC and with experience in the research funding area are: Valerie Ziegler, as our administrative secretary, who very ably manages the mountains of grants paperwork; Sherry Wailing, as our accountant, who understands the complicated world of multi-year grants funding; and myself, as chief executive officer (interim initially, then permanently) and temporarily continuing as director of grants and awards to oversee the research funding programs and competitions.

In early March, we launched a search for a communications consultant and received a strong response. We were impressed with the quality of the applicants and had the difficult task of narrowing the field for interviewing. The successful candidate was Suzanne Cornforth, an experienced communicator who is well versed about research, strategic planning, and media relations. She will be joining our team on a contract basis in April.

Late in March, we posted a request for proposals for a contractor to carry out the background research and consultation process for developing our advice to the Minister on a provincial health research strategy. The consultation will be designed to seek input from people in all areas of health research and will include input from universities, regional health authorities, health care providers, the business community, charitable foundations, community groups, and other stakeholders in the province. The consultation process will include opportunities for interactive in-person group sessions, such as focus groups, in both Saskatoon and Regina and should include opportunities for input from all areas of the province. We expect to hire a contractor by the end of April and complete the project by early December. Our web site will carry updates on this initiative.

Continuing Initiatives

The following research funding commitments were transferred from HSURC: over 50 active grants and awards; co-ordination of the 2003 funding competitions announced last December; and management of three major funding partnerships.

The competitive programs that carried forward are listed below; they are more fully described in HSURC's annual report for 2002-03, along with a list of the projects funded:

- Research Establishment Grants to support new university faculty in establishing their health research programs in Saskatchewan;
- Establishment Equipment Grants for new researchers to acquire major equipment essential to establishing their research programs (tied to the research establishment grant);
- Research Fellowships to support advanced postdoctoral or clinical research training in preparation for a career in health research;
- Strategic Development Grants to support teams led by Saskatchewan university faculty members preparing to submit a national strategic health research grant;
- Opportunities Fund for grants that respond to national opportunities requiring or benefiting from provincial support; types of grants include Partnership Grant to secure partnerships and Focus on the Future Grants to support graduate students
- Conference and Meeting Grants to support conferences that develop health research and knowledge exchange in Saskatchewan.

Grant activity in March included the approval of one strategic development grant (listed in Appendix 1) and our annual intake for establishment grants and research fellowships. On March 17th, deadline day, we received 29 establishment grant applications, including 19 from biomedical areas and 10 from socio-health areas, and 27 research fellowship applications, all from biomedical areas. These will be adjudicated in May and June, with results announced by July 1st. Approved grants and awards will be posted on our web site and listed in next year's annual report.

The three partnerships that carried forward are also fully described in HSURC's 2002-03 annual report and include:

- Saskatchewan - Canadian Institutes of Health Research (CIHR) Regional Partnership Program (RPP), a partnership among CIHR, Saskatchewan Health, Saskatchewan Industry and Resources, and HSURC / SHRF:
  - aimed at funding CIHR grants that rate well but just miss the national funding cutoff to bring in more federal health research dollars and add to research capacity in the province;
- Saskatchewan Population Health and Evaluation Research Unit, a partnership among the University of Saskatchewan, University of Regina,

Saskatchewan Health, Saskatchewan Association of Health Organizations, and HSURC / SHRF:
  - aimed at building capacity in population health research for the benefit of health and health policy in Saskatchewan; and
- University Co-ordinator of Health Research, a partnership between the University of Saskatchewan and HSURC / SHRF:
  - aimed at increasing the number and quality of applications from Saskatchewan researchers to CIHR and other federal agencies.

New Directions

In the coming months, our board and staff will be focusing energies on all aspects our mandate, which takes us beyond being a traditional granting agency into some very new territory, such as generating additional funds for health research, and other areas where we have some experience but need to intensify our efforts, such as knowledge translation. Strategic planning will comprise much of our work in the coming year, both internally and externally as the strategy advice project mentioned above unfolds.

I am very pleased to be part of this new agency focused on building research activity and productivity for the benefit of the health system and the health of Saskatchewan people. I look forward to continuing and expanding this work begun by HSURC and doing so with more resources than before and under the leadership of a strong board dedicated to this mission.

June M. Bold, MSc, BA
Chief Executive Officer, SHRF

Board Members

Under *The Saskatchewan Health Research Foundation Act* (2002), the lieutenant governor appoints board members and designates the chair and vice-chair. Members' terms may be up to three years each and are renewable once. Of the 12 board members, at least one must be from the following agencies: University of Saskatchewan, University of Regina, Saskatchewan Health, Saskatchewan Learning, and Saskatchewan Industry and Resources, a regional health authority. Members are selected to ensure broad representation from all areas of human health research and to ensure the research supported is translated for the benefit of health and the health system in Saskatchewan.

The members of our inaugural board are listed below.

Liz Harrison*: *Chair
Professor, Physical Therapy; Director, School of Physical Therapy, University of Saskatchewan.
Dr. Harrison received her Ph.D. in Physical Education and Sport Studies from University of Alberta. Her research is in the area of musculo-skeletal health care covering issues related to determinants of health, exercise, prevention of injury and physical therapy interventions. Dr. Harrison has worked with the Saskatchewan health research community in her capacity as Chair of the major scientific grants and awards committees of the Health Services Utilization and Research Commission. In her role as Chair of the Saskatchewan Health Research Foundation, she hopes to strengthen the link between researchers, the public and the health professional community.

Ralph Nilson*: *Vice-Chair
Director, Indigenous Peoples Health Research Centre, Saskatchewan Indian Federated College; Professor (and formerly dean), Kinesiology and Health Studies, University of Regina; Population Health Cluster Coordinator, University of Regina; Board Chair, Saskatchewan Population Health and Evaluation Research Unit.
Dr. Nilson received his Ph.D. in Physical Education and Recreation from the University of Oregon. Examples of Ralph's research interests include applied Saskatchewan demographics, inter-sectoral policy development, aboriginal activity participation issues, volunteerism, and policy issues in sport and recreation. He is a principal investigator for the Saskatchewan Health Status and Dynamics project.

John Biss: Member
Executive Director, University Services Branch, Saskatchewan Learning.
Dr. Biss received his Ed.D. in Educational Theory and Adult Education from the Ontario Institute for Studies in Education (OISE), University of Toronto. He has worked with the provincial government for over 25 years in the areas of post-

secondary education and adult learning. Over that time, he has been responsible for policy development and implementation related to Regional Colleges, Saskatchewan Institute of Applied Science and Technology (SIAST), Private Vocational Schools and Aboriginal institutions. He is currently engaged in provincial initiatives in support of the two universities and four federated colleges.

Alan Boulton*: *Member
Chairman and CEO, Alviva Biopharmaceuticals, Inc., Saskatoon, SK
Dr. Boulton received his Ph.D. and a D.Sc. in biochemistry from the University of Manchester Institute for Science and Technology in 1962. He became Director of the Neuropsychiatry Research Unit and Professor of Psychiatry at the University of Saskatchewan, where a library of compounds to prevent the death of neurons in diseases such as Parkinson's, Alzheimer's and stroke was discovered. This culminated in the "spin-off" of AL*viva* Biopharmaceuticals Inc. in 1998, where in 2001 he became Founder, Chairman of the Board and C.E.O. In 1993 he was elected a Fellow of the Royal Society of Canada.

Neena Chappell*: *Member
Professor of Sociology and the Centre on Aging. Canada Research Chair in Gerontology at the University of Victoria.
Dr. Chappell received her Ph.D. in Sociology from McMaster University. In 1992, she became the first Director of the Centre on Aging at the University of Victoria, a position she held for 10 years. Previously she was Founding Director of the Centre on Aging at the University of Manitoba. Dr. Chappell is a Fellow of the Royal Society of Canada, and in 2001 was awarded a Tier 1 Canada Research Chair in Aging. Her current research focuses on respite care for caregivers, care for people with dementia, aging and ethnicity, quality of community-based home and residential care, home care and the Canadian health care system.

James Cunningham*: *Member
Business Development Manager, Lombard Life Sciences, Saskatoon, SK.
Jim Cunningham studied microbiology at the University of Alberta, and received a Business Administration Certificate from the University of Saskatchewan. He entered the field of industrial microbiology in Saskatoon, first as a fermentation specialist and later as an industry consultant. He then assumed a senior management position with Apotex Fermentation Inc. in Winnipeg, prior to joining Lombard Life Sciences who manage the Western Life Sciences Venture Fund L.P. Jim is located in Lombard's Saskatoon office, where his function is to source, analyze and recommend investments for consideration by the fund, and to mentor the investing companies.

Louis Delbaere*: *Member
Professor, Biochemistry, *College of Medicine, University of Saskatchewan.*
Dr. Delbaere received his Ph.D. in Chemistry from the University of Manitoba. He is a Tier 1 Canada Research Chair in Structural Biochemistry; the recipient of a Distinguished Scientist Saskatchewan CIHR-Regional Partnership award; and

the principal investigator and co-ordinator for the Crystallography Beam Line that will open at the Canadian Light Source in early 2004. He was a member of the Canadian Space Agency's Microgravity Science Advisory Committee, among many other membership activities.

Gary Glavin*: *Member
Professor, Pharmacology and Therapeutics, Community Health Sciences and Surgery, Faculty of Medicine, University of Manitoba; and Deputy Scientific Director, National Microbiology Laboratory, Health Canada, Winnipeg.
Dr. Glavin received his Ph.D. in Pharmacology from the University of Manitoba and has had a very active research and administrative career. He served as Head of the Department of Pharmacology and Therapeutics (1995-1997) and as Associate Vice-President (Research) at the University of Manitoba (1997-2001) and was also a member of the inaugural Governing Council of the Canadian Institutes of Health Research. He is the author of over 140 peer-reviewed papers, many monographs and edited volumes and has given invited presentations throughout the world.

Murray Knuttila*: *Member
Professor, Department of Sociology and Social Studies, University of Regina. Chair, Board of Directors, Regina-Qu'Appelle Regional Health Authority.
Dr. Knuttila has a Ph.D. in Sociology from the University of Toronto. He was Dean of Arts at the University of Regina from 1995 to 2002 and Assistant Dean and Department Head before that. His current research interests include masculinities, state and public policy formation, the impact of globalization on social and economic development, and politics in rural Canada. He is currently researching social cohesion in several rural Saskatchewan Communities. His books include That Man Partridge: The Life and Times of E.A. Partridge; Introducing Sociology: A Critical Perspective; and State Theories: Classical, Feminist and Global Perspectives.

Pauline Rousseau*: *Member
Executive Director, Policy and Planning Branch, Saskatchewan Health.
Pauline holds a Bachelor of Administration and a Masters of Public Administration from the University of Regina. She has extensive experience in the provincial government, including Saskatchewan Finance and Saskatchewan Health. She has education and experience in a number of areas including health policy and program development, health system planning, financial and program management, and results measurement.

Hal Sanders*: *Member
Acting Executive Director, Mineral Revenue and Investment Services Division, Saskatchewan Industry and Resources.
Mr. Sanders holds a Bachelor of Administration from the University of Regina. He has worked for the federal and provincial governments over the past 24 years in the financial services field. He has held several positions at Revenue Canada,

Taxation, the Saskatchewan Energy and Mines and more recently, with Saskatchewan Industry and Resources (as a result of the amalgamation of Saskatchewan Energy and Mines and Saskatchewan Economic and Co-operative Development in the spring of 2002).

Tom Wishart*: *Member
Dean, College of Graduate Studies and Research and Associate Vice-President, Research, University of Saskatchewan.
Dr. Wishart received his doctorate in physiological psychology from the University of Western Ontario, and following a post-doctorate year at the University of Paris, joined the faculty at the University of Saskatchewan in 1971. His research interests lie in the area of psychopharmacology and he has most recently been involved with a research team investigating the behavioural consequences of cerebral ischemia at different times during the life cycle.

Staff

The following individuals transferred from the Health Services Utilization and Research Commission to the Foundation on January 31, 2003 and comprised our core permanent staff as of March 31, 2003:

June Bold, Chief Executive Officer
Ms. Bold has a Masters of Science Degree in Community Health and Epidemiology from the University of Saskatchewan. She was Director of Grants and Awards for 11 years for the Foundation's predecessor, the Health Services Utilization and Research Commission. Prior to that she worked in a variety of positions for the Centre for the Study of Co-operatives, the Saskatchewan Teachers' Federation, the College of Commerce, and the Applied Research Unit in the Psychiatric Research Division of Saskatchewan Health. These included a range of responsibilities in research and development, administration and communications.

Sherry Wailing, Accountant
Ms. Wailing spent almost five years providing accounting services for the Health Services Utilization and Research Commission. That background, along with her training in accounting and human resources, as well as extensive experience with a variety of organizations, has prepared her well to serve as the Foundation's accountant. She works part-time for the Foundation and continues to operate her home-based business, which provides accounting and payroll services for small business and non-profit organizations.

Valerie Ziegler, Administrative Secretary
Ms. Ziegler worked for the Health Services Utilization and Research Commission for just over four years in administrative support, specializing in the research funding area. She continues that role for the Foundation, along with new responsibilities for general office coordination and administrative support to the CEO. She has held positions as an office administrator or desktop publisher most of her life either in private industry, public, or self-employment.

Appendix 1

Grants and Awards Approved

Strategic Development Grant

Gregg Adams $30,000 02-03

Veterinary Biomedical Sciences, Western College of Veterinary Medicine, University of Saskatchewan
With C. Christensen, B. Juurlink, S. Jureczek, D. Quinn, E. Kendall, G. Watson, K. Ali
BioMedical imaging and therapy (BMIT) beamline at the Canadian Light Source

Note:
Only one grant was approved during the two-month period covered by this report. Grants approved earlier in 2002-03 under the Health Services Utilization and Research Commission (HSURC) are reported in the *HSURC Annual Report 2002-03*.

Appendix 2

Report of Management

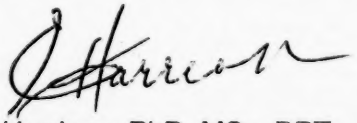
Management is responsible for the integrity of the financial information reported by the Saskatchewan Health Research Foundation. Fulfilling this responsibility requires the preparation and presentation of financial statements and other financial information in accordance with Canadian generally accepted accounting principles that are consistently applied, with any exceptions specifically described in the financial statements.

The accounting system used by the Foundation includes an appropriate system of internal controls to provide reasonable assurance that:

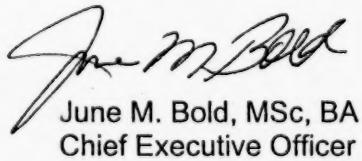
- transactions are authorized;
- the assets of the Foundation are protected from loss and unauthorized use; and
- the accounts are properly kept and financial reports are properly monitored to ensure reliable information is provided for preparation of financial statements and other financial information.

To ensure management meets its responsibilities for financial reporting and internal control, board members of the Foundation discuss audit and financial reporting matters with representatives of management at regular meetings. Foundation board members have also reviewed and approved the financial statements with representatives of management.

The Provincial Auditor of Saskatchewan has audited the Foundation's statement of financial position, statements of revenue, expenditure and changes in fund balance, and statement of cash flows. His responsibility is to express an opinion on the fairness of management's financial statements. The Auditor's report outlines the scope of his audit and his opinion.



E. L. Harrison, PhD, MSc, BPT
Chair



June M. Bold, MSc, BA
Chief Executive Officer

Saskatoon, Saskatchewan
June 12, 2003

Appendix 3

Financial Statements and

Auditor's Report

Saskatchewan Health Research Foundation

For the period February 1 to March 31, 2003

AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Saskatchewan Health Research Foundation as at March 31, 2003 and the statements of revenue, expenses and changes in fund balance and cash flows for the period then ended. The Foundation's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Saskatchewan Health Research Foundation as at March 31, 2003 and the results of its operations and its cash flows for the period then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
June 12, 2003

Fred Wendel, CMA, CA
Provincial Auditor

SASKATCHEWAN HEALTH RESEARCH FOUNDATION
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2003

	Operating Fund	HEALNet Research Project (Note 8)	SPHERU (Note 9)	Regional Partnership Program (Note 10)	Total
ASSETS					
Current assets:					
Cash	$ 424,182	$ ---	$ ---	$ ---	$ 424,182
Accrued Interest receivable	4,080	---	---	---	4,080
Accounts receivable	17,182	---	---	---	17,182
Accounts receivable - other government	---	---	---	125,000	125,000
Short-term investments (Note 2(e) and 3)	2,452,158	12,304	175,000	25,000	2,664,462
Prepaid expenses	378	---	---	---	378
	2,897,980	12,304	175,000	150,000	3,235,284
Long-term investments (Note 2(e) and 3)	2,441,217	---	1,056,551	129,793	3,627,561
Capital assets (Note 2(c) and 5)	10,804	---	---	---	10,804
Total assets	$ 5,350,001	$ 12,304	$ 1,231,551	$ 279,793	$ 6,873,649
LIABILITIES & FUND BALANCE					
Liabilities:					
Accounts payable	$ 22,952	$ ---	$ ---	$ ---	$ 22,952
Grants payable	668,655	---	---	---	668,655
Total liabilities	691,607	---	---	---	691,607
Fund balances:					
Externally restricted	---	12,304	---	---	12,304
Internally restricted	---	---	1,231,551	279,793	1,511,344
Unrestricted	4,658,394	---	---	---	4,658,394
Fund balances (Statement 2)	4,658,394	12,304	1,231,551	279,793	6,182,042
Commitments (Note 11)					
Total liabilities & fund balance	$ 5,350,001	$ 12,304	$ 1,231,551	$ 279,793	$ 6,873,649

(See accompanying notes to the financial statements)

SASKATCHEWAN HEALTH RESEARCH FOUNDATION
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND BALANCE
FOR THE PERIOD ENDED MARCH 31, 2003

	Operating Fund		HEALNet Research		Regional Partnership	
	Budget (Note 7)	Actual	Project (Note 8)	SPHERU (Note 9)	Program (Note 10)	Total
Revenue:						
General Revenue Fund						
Saskatchewan Health	$1,575,000	$1,576,335	$ ---	$ 41,667	$ 66,666	$1,684,668
Saskatchewan Industry and Resources	---	---	---	---	125,000	125,000
Interest	---	41,520	---	4,166	---	45,686
Miscellaneous	---	1,685	---	---	---	1,685
Total revenue	1,575,000	1,619,540	---	45,833	191,666	1,857,039
Expenses:						
Research grants	25,000	51,000	---	35,000	---	86,000
Wages and benefits	28,315	28,223	---	---	---	28,223
Administrative and operating expenses	31,910	17,570	8,073	---	---	25,643
Honoraria and expenses of the board and committees	5,100	3,733	---	---	---	3,733
Amortization expense	---	442	---	---	---	442
Rent	7,400	7,357	---	---	---	7,357
Total expenses	97,725	108,325	8,073	35,000	---	151,398
Excess (deficiency) of revenue over expenses before transfer	$1,477,275	1,511,215	(8,073)	10,833	191,666	1,705,641
Transfer from HSURC		3,205,512	20,377	1,179,051	71,461	4,476,401
Excess (deficiency) of revenue over expenses		4,716,727	12,304	1,189,884	263,127	6,182,042
Transfer between funds (Note 9 and 10)		(58,333)	---	41,667	16,666	---
Fund balance, end of period (Statement 1)		$4,658,394	$ 12,304	$ 1,231,551	$ 279,793	$6,182,042

(See accompanying notes to the financial statements)

SASKATCHEWAN HEALTH RESEARCH FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED MARCH 31, 2003

	Operating Fund	HEALNet Research Project (Note 8)	SPHERU (Note 9)	Regional Partnership Program (Note 10)	Total
Operating activities:					
Cash provided by:					
General Revenue Fund Saskatchewan Health	$ 1,475,668	$ ---	$ 33,333	$ 20,833	$ 1,529,834
Other receipts	27,739	---	---	---	27,739
Interest	119	---	---	---	119
Transfer from HSURC	(219,516)	---	---	---	(219,516)
	1,284,010	---	33,333	20,833	1,338,176
Cash used for:					
Wages and benefits	28,233	---	---	---	28,233
Grant payments	307,175	---	35,000	---	342,175
Supplies & other	41,803	---	---	---	41,803
	377,211	---	35,000	---	412,211
Total operating activities	906,799	---	(1,667)	20,833	925,965
Investment activities:					
Decrease (increase) in short-term investments	(422,501)	---	(40,000)	(37,499)	(500,000)
Purchases of capital assets	(1,783)	---	---	---	(1,783)
	(424,284)	---	(40,000)	(37,499)	(501,783)
Net increase (decrease) in cash	482,515	---	(41,667)	(16,666)	424,182
Transfers between funds (Note 9 and 10)	(58,333)	---	41,667	16,666	---
Cash, end of period	$ 424,182	$ ---	$ ---	$ ---	$ 424,182

(See accompanying notes to the financial statements)

SASKATCHEWAN HEALTH RESEARCH FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2003

1. Establishment of the Foundation

On January 31, 2003, *The Saskatchewan Health Research Foundation Act* (*S.S.* 2002, c.S-21.1) came into force establishing the Saskatchewan Health Research Foundation (Foundation). That act also repealed *The Health Services Utilization and Research Commission Act* (S.S. 1994, c.H-1.1), ending its predecessor, the Health Services Utilization and Research Commission (HSURC). The Foundation is responsible for organizing, managing and allocating most provincial health research funding in Saskatchewan and for ensuring that supported research fits with the province's health research priorities and leads to benefits for health and the health system in Saskatchewan.

HSURC remained in operation up to and including January 31, 2003, so the Foundation effectively began operations on February 1, 2003. Pursuant to *The Saskatchewan Health Research Foundation Act*, all property, assets, liabilities, rights and obligations (including financial commitments) of HSURC immediately before the Act came into force were transferred to the Foundation. These amounts are detailed on Schedule 1.

2. Accounting Policies

The Foundation maintains its accounts using Canadian generally accepted accounting principles including the following significant accounting policies:

a) Fund Accounting

The accounts of the Foundation are maintained in accordance with the principles of restricted fund accounting for contributions. For financial reporting purposes, accounts with similar characteristics have been combined into the following funds:

i) Operating Fund

The Operating Fund reflects the primary operations of the Board including Saskatchewan Health revenues received to provide research funding to various researchers. Other revenue consists of interest and miscellaneous revenue. Expenses consist of the research grants awarded and administrative costs.

ii) Restricted Fund – HEALNet Research Project

The HEALNet Research Project Fund reflects unused funding that has been retained by the Foundation for future expenditures to complete the project.

iii) Restricted Fund – Saskatchewan Population Health and Evaluation Research Unit (SPHERU)

The SPHERU Fund reflects transfers from the Foundation, and revenue from Saskatchewan. Expenses consist of research grants.

iv) Restricted Fund – Saskatchewan – Canadian Institutes of Health Research Regional Partnership Program (RPP)

The RPP Fund reflects transfers from the Foundation, and revenue from Saskatchewan Health and Saskatchewan Industry and Resources. Expenses consist of research grants.

b) Research Grants

Annual Competitions

The Foundation holds annual competitions through which funds are awarded to successful applicants for terms of up to two years. The Foundation expenses the approved funds for each year of the grant, provided recipients meet eligibility criteria. Awarded amounts not paid or payable at year-end are recorded as commitments in the notes to the financial statements.

The balance of funds advanced to administering institutions in excess of the current requirements of researchers is held in trust by those institutions until drawn down by the researchers. Funds not spent during the life of a successfully completed research grant are treated as a recovery in the year that this is determined. These funds are then available to be awarded for future research.

c) Capital Assets

Capital assets are recorded at cost. Normal maintenance and repairs are expensed as incurred. Capital assets are amortized on a straight-line basis over their estimated useful lives (5 to 10 years).

d) Revenue

Unrestricted contributions are recognized as revenue in the Operating Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. All other restricted contributions are recognized as revenue of the appropriate restricted fund.

e) Investments

Investments are valued at the lower of amortized cost or net realizable value.

3. Investments

	2003	
	Carrying Value	Effective Rate
Short-term investments	$ 2,664,462	
Long-term investments:		
Province of British Columbia Strip Bonds, mature in 1-2 years	1,515,739	6.1 - 6.5%
Province of Ontario Bonds, mature in 1-3 years	1,291,073	6.0 - 6.6%
Ontario Hydro Bond, matures in 2 years	275,841	6.0%
Province of Saskatchewan Savings Bond, matures in 2 years	100,000	5.8%
Province of Manitoba Bond, matures in 4 years	444,908	5.6%
	3,627,561	
	$ 6,292,023	

4. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown Corporations, departments, agencies, boards and commissions related to the Foundation by virtue of common control by the Government of Saskatchewan, and non-Crown corporations and enterprises subject to joint control or significant influence by the Government of Saskatchewan (collectively referred to as "related parties").

Routine operating transactions with related parties are recorded at the standard rates charged by those organizations and are settled on normal trade terms. These transactions, and amounts outstanding at year-end are as follows:

	2003
Research grant, administrative and occupancy expenses:	
Capital Pension Plan - employee benefits	$ 1,323
Health Quality Council	2,766
Saskatchewan Opportunities Corporation	7,693
SaskTel	1,067
University of Regina	20,000
University of Saskatchewan	69,543
Other	609
Accounts payable	8,467
Grants payable	668,655
Accounts receivable	133,470

The Foundation pays Provincial Sales Tax to the Saskatchewan Department of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

Other transactions with related parties and amounts due to or from them are described separately in these financial statements and the notes thereto.

5. Capital Assets

	2003		
	Cost	Accumulated Amortization	Net Book Value
Furniture & Equipment	$ 28,264	$ 17,460	$ 10,804

6. Financial Instruments

The Foundation has the following financial instruments: accrued interest receivable, accounts receivable, investments, accounts payable, and grants payable. The following paragraphs disclose the significant aspects of these financial instruments.

a) Significant terms and conditions

There are no significant terms and conditions associated with the financial instruments, other than investments, that may affect the amount, timing, and certainty of future cash flows. Significant terms and conditions for investments are described separately in these financial statements and the notes thereto.

b) Interest rate risk

The Foundation is exposed to interest rate risk when the value of its financial instruments fluctuate due to changes in market interest rates.

The Foundation's receivables and payables are non-interest bearing. Due to the short-term nature of these, as well as cash and short-term investments, interest rate risk is minimal.

As market interest rates fluctuate the market value of long-term investments moves in the opposite direction. This risk will affect the price the Foundation could sell the investments for prior to maturity.

c) Credit risk

The Foundation is exposed to credit risk from potential non-payment of accounts receivable or investment income and principal.

Most of the Foundation's receivables are from provincial and federal governments, therefore the credit risk is minimal.

The Foundation's investments consist of provincial and federal government bonds, promissory notes, treasury bills and bankers acceptances with large Canadian banks. Therefore, credit risk for investments and related accrued interest receivable is minimal.

d) Fair Value

For the following financial instruments, the carrying amounts approximate fair value due to their immediate or short-term nature:

Accrued interest receivable
Accounts receivable
Short-term investments
Accounts payable
Grants payable

The fair value of long-term investments is $3,726,240. The fair value is considered to approximate quoted market values.

7. Budget

These amounts represent the operating budget approved by the Board on February 27, 2003. The budget was prepared based on 2 months.

8. HEALNet Research Project

In September 1995, our predecessor, the Health Services Utilization and Research Commission was awarded a grant to participate in a Networks of Centres of Excellence Program.

During the period the Foundation spent $8,073. Unused funding of $12,304 has been retained for use before the program's conclusion on June 30, 2003.

9. Saskatchewan Population Health Evaluation and Research Unit (SPHERU)

On July 9, 1999, the Saskatchewan Population Health and Evaluation Research Unit, Inc. (SPHERU) was incorporated as a separate entity under *The Non-Profit Corporations Act, 1995.* This corporation focuses on enhancing health and social planning, evaluating health system changes, improving health information use for planning and evaluation and health policy development.

The corporation is funded by Saskatchewan Health and the Foundation which provided $41,667 each during the period. The Foundation administers the funds for the corporation.

10. Saskatchewan – Canadian Institutes of Health Research Regional Partnership Program

The program was set up in 1999/2000 to provide funding support for Saskatchewan researchers and research projects. During the period, the program received funding from Saskatchewan Health, Saskatchewan Industry and Resources and the Foundation, which provided $66,666, $125,000 and $16,666 respectively. The Foundation agreed to manage the funds for the program, in a signed agreement with Saskatchewan Industry and Resources (formerly Saskatchewan Economic and Co-operative Development).

11. Commitments

At March 31, 2003, the Foundation had the following commitments:

a) Research Grants

The Board has approved research grants for payment in 2003/2004 of $785,453, in 2004/2005 of $133,125 and in 2005/2006 of $15,312.

b) SPHERU

Under a memorandum of understanding, signed October 31, 1999, the Foundation will pay SPHERU $250,000 per year and interest up to $25,000 per year until the year 2006/2007.

c) RPP

As per a May 1999 agreement between Saskatchewan Health, Saskatchewan Industry and Resources (formerly Saskatchewan Economic and Co-operative Development) and CIHR (formerly the Medical Research Council of Canada), the Foundation will contribute $100,000 per year until the year 2003/2004.

d) Health Co-ordinator

Under a memo of understanding between the Foundation's predecessor (HSURC) and the University of Saskatchewan signed in November 1999, the Foundation will contribute $100,000 per year until 2004/2005 to support a University Co-ordinator of Health Research position.

12. Pension Plan

The Foundation is a participating employer in the Capital Pension Plan, a defined contribution pension plan. Eligible employees make monthly contributions of 5.5% of gross salary, which are matched by the Foundation. During the period, the Foundation's total contributions were $1,323.

13. Comparative Information

There is no comparative information as the Foundation began operations on February 1, 2003.

Schedule 1

SASKATCHEWAN HEALTH RESEARCH FOUNDATION
STATEMENT OF TRANSFER FROM
HEALTH SERVICES UTILIZATION AND RESEARCH COMMISSION
AS AT JANUARY 31, 2003

	Operating Fund	Regionalization Research Centre	SPHERU	Regional Partnership Program	Total
ASSETS					
Current assets:					
Cash	$ 300	$ ---	$ ---	$ ---	$ 300
Accrued Interest receivable	3,151	---	---	---	3,151
Accounts receivable	40,712	---	---	---	40,712
Short-term investments	397,050	20,377	---	---	417,427
Prepaid expenses	87	---	---	---	87
	441,300	20,377	---	---	461,677
Long-term investments	4,079,500	---	1,179,051	71,461	5,330,012
Capital assets	7,580	---	---	---	7,580
Total assets	$4,528,380	$ 20,377	$ 1,179,051	$ 71,461	$ 5,799,269
LIABILITIES & FUND BALANCE					
Liabilities:					
Bank debt	$ 219,816	$ ---	$ ---	$ ---	$ 219,816
Deferred Revenue	154,834	---	---	---	154,834
Accounts payable	23,389	---	---	---	23,389
Grants payable	924,829	---	---	---	924,829
Total liabilities	1,322,868	---	---	---	1,322,868
Fund balances:					
Externally restricted	---	20,377	---	---	20,377
Internally restricted	---	---	1,179,051	71,461	1,250,512
Unrestricted	3,205,512	---	---	---	3,205,512
Fund balances	3,205,512	20,377	1,179,051	71,461	4,476,401
Total liabilities & fund balance	$4,528,380	$ 20,377	$ 1,179,051	$ 71,461	$ 5,799,269